



August 4, 2008

Members of the Investment Committee
California Public Employees' Retirement System
Lincoln Plaza East
400 Q Street, Room E4800
Sacramento, CA 95814

Re: Statement of Investment Policy for the Infrastructure Program

Dear Members of the CalPERS Investment Policy Subcommittee:

Pension Consulting Alliance, Inc. ("PCA") has reviewed the proposed Statement of Investment Policy for the Infrastructure Program ("Policy") to be presented at the Investment Committee meeting on August 18, 2008. The Policy reflects the parameters outlined for infrastructure investments within the proposed Inflation-Linked Asset Class ("ILAC").

PCA believes that the Policy provides a strong foundation which enables CalPERS to be a prudent player within the infrastructure investment space. In our opinion, the CalPERS staff and Investment Policy Subcommittee members have been diligent and resourceful in drafting this Policy.

As PCA has worked with the CalPERS board and staff over the last year and a half to research, analyze, and develop the Infrastructure Program, we believe the Policy, as presented, provides a solid foundation for investing in the infrastructure sub-asset class. While the Policy will continue to be refined as staff increases its expertise and gains more exposure to the asset class and investment managers, we believe that the Policy allows CalPERS to develop a solid investment program for infrastructure. We will be available for questions at the August 18th meeting.

Sincerely,

Allan Emkin
Managing Director

Judy Chambers
Managing Director

Cc: Anne Stausboll, CalPERS
Farouki Majeed, CalPERS
Mike Moy, PCA